

Message Text

CONFIDENTIAL

PAGE 01 OECD P 30500 151654Z

47

ACTION EUR-12

INFO OCT-01 ISO-00 EURE-00 SSO-00 AID-05 CEA-01 CIAE-00

COME-00 EB-07 EA-07 FRB-03 INR-07 IO-13 NEA-10

NSAE-00 OPIC-03 SP-02 TRSE-00 CIEP-01 LAB-04 SIL-01

AGRE-00 OMB-01 USIE-00 INRE-00 ERDA-05 DODE-00 FEAE-00

FPC-01 H-02 INT-05 L-03 NSC-05 PM-04 SAM-01 OES-06

SS-15 STR-04 ACDA-07 NSCE-00 ARA-06 /142 W
----- 076900

O 151647Z OCT 76

FM USMISSION OECD PARIS

TO SECSTATE WASH DC IMMEDIATE 3787

C O N F I D E N T I A L OECD PARIS 30500

FROM ROGERS

E.O. 11652: N/A

TAGS: OECD, CIEC, ENRG

SUBJECT: CIEC AND THE OPEC PRICE RISE

1. THE PREPARATORY DINNER AT VAN LENNEP'S LAID OPEN THE DEEP APPREHENSIONS IN EUROPE ABOUT AN OPEC PRICE RISE AND AN ARRAY OF NOTIONS, NOT ALL OF THEM SENSIBLE, ABOUT THE RELATIONSHIP OF CIEC TO THAT EVENT.

2. ORTOLI SAID HE WAS JUST IN FROM BRUSSELS, WHERE THERE WAS A FAIR DEGREE OF CONSENSUS THAT THE OIL PRICE RISE WOULD BE AS HIGH AS 15 PERCENT. A \$7 TO \$8 BILLION IMPACT ON EUROPE'S BALANCE-OF-PAYMENTS WOULD HURT. SOME IN THE EC WERE THINKING ABOUT HOW THE CIEC MIGHT BEAR ON THIS, AND WERE SUGGESTING THAT THE G-8 SAY TO THE NON-OIL LDC'S THAT ANY COMMITMENT IN THE FINAL CIEC RESOLUTION FOR AN INCREASE IN RESOURCE TRANSFERS WOULD BE CONTINGENT ON WHAT HAPPENED IN OPEC. IN OTHER
CONFIDENTIAL

CONFIDENTIAL

PAGE 02 OECD P 30500 151654Z

WORDS, IF A PRICE INCREASE WERE EXCESSIVE, IT WOULD CUT

DOWN ON THE ABILITY OF THE INDUSTRIALIZED DEMOCRACIES TO MAKE FUNDS AVAILABLE FOR DEVELOPMENT, OR SO THE LDC'S WOULD BE TOLD.

3. FROMENT-MEURICE WAS THE MOST APPREHENSIVE ABOUT A PRICE RISE, AND THE MOST CONVINCED THAT CIEC WOULD BEAR ON IT. HE URGED THAT WE ALL DO EVERYTHING WE COULD TO AVOID IT. HE ALSO POINTED OUT THAT A SUCCESSFUL CIEC, FOLLOWED BY A PRICE RISE, WOULD SCARCELY INCREASE PUBLIC SUPPORT IN THE WEST FOR DEVELOPMENT EFFORTS. THE DUTCH (VAN SCHAIK) URGED THAT WE GET A FAVORABLE CIEC RESULT IN ALL EVENTS. MCPHAIL OF CANADA SUGGESTED THAT A SUCCESSFUL CIEC WOULD HAVE LITTLE EFFECT IN HOLDING DOWN THE PRICE RISE, BUT THAT A BAD CIEC WOULD CONSIDERABLY SHARPEN THE INSTINCTS WITHIN OPEC TO INCREASE THE PRICE. THE JAPANESE (YOSHINO) FELT OTHERWISE. HE SUGGESTED WE MAKE CLEAR THAT A PRICE RISE WOULD HURT THE RELATIONS OF OPEC NATIONS WITH THE NON-OIL LDC'S.

3. VAN LENNEP SUGGESTED THAT BY AND LARGE THE DIALOGUE WOULD NOT AFFECT THE LIKELIHOOD OF A PRICE RISE VERY MUCH. OUR EFFORTS IN CIEC SHOULD BE EVALUATED ON THEIR OWN MERITS. WE SHOULD, AT THE SAME TIME, MAKE THE STRONGEST CASE WITH OPEC THAT A PRICE INCREASE OF ANY MAGNITUDE WOULD BE A MISTAKE. THIS ARGUMENT SHOULD BE BASED ON THE NOTION THAT THE GENERAL RECOVERY WAS STILL FRAGILE, THAT ESSENTIAL TO THE PROCESS OF RECOVERY AND ITS LONG-TERM CHARACTER WAS THE CONTROL OF INFLATION, AND THAT A PRICE INCREASE WOULD KNOCK THE PROPS OUT FROM UNDER OUR HOPES FOR THE ECONOMIC FUTURE OF THE WHOLE WORLD. DON'T ARGUE BALANCE-OF-PAYMENTS OR INABILITY TO PAY, HE SAID.

4. FRAU STEEG ARGUED, FROM THIS, THAT WE SHOULD NOT PUBLICLY LINK CIEC AND THE POSSIBILITY OF A PRICE INCREASE, OR GIVE THE IMPRESSION THAT WE FEEL WE MAY BE BLACKMAILED BY OPEC TO COME UP WITH SOMETHING IN CIEC. NOR, SAID FROMENT-MEURICE, SHOULD WE PRETEND TO ACCEPT A PRICE INCREASE AS INEVITABLE. GASPARI SAID THAT THE CONFIDENTIAL

CONFIDENTIAL

PAGE 03 OECD P 30500 151654Z

LDC'S WANTED US TO THINK THAT THE TWO WERE LINKED. VAN LENNEP WOUND UP BY SAYING THAT SOME PRICE RISE WAS BOUND TO OCCUR, SO WE SHOULD NOT GET OURSELVES IN A POSITION OF SUGGESTING TO OUR CONSTITUENCIES THAT OUR CAPACITY TO CONTINUE TO CONTRIBUTE TO THE DEVELOPMENT PROCESS DEPENDED FUNDAMENTALLY ON OIL PRICE STABILITY OVER THE LONG TERM.

KATZ

CONFIDENTIAL

NNN

Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: PETROLEUM, ECONOMIC DEVELOPMENT, DIPLOMATIC DISCUSSIONS, PRICES
Control Number: n/a
Copy: SINGLE
Draft Date: 15 OCT 1976
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: ElyME
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1976OECDP30500
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: DG ALTERED
Executive Order: GS
Errors: N/A
Film Number: D760388-0263
From: OECD PARIS
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1976/newtext/t19761048/aaaabowu.tel
Line Count: 115
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION EUR
Original Classification: CONFIDENTIAL
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators: n/a
Previous Classification: CONFIDENTIAL
Previous Handling Restrictions: n/a
Reference: n/a
Review Action: RELEASED, APPROVED
Review Authority: ElyME
Review Comment: n/a
Review Content Flags:
Review Date: 06 APR 2004
Review Event:
Review Exemptions: n/a
Review History: RELEASED <06 APR 2004 by CollinP0>; APPROVED <06 AUG 2004 by ElyME>
Review Markings:

Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
04 MAY 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: CIEC AND THE OPEC PRICE RISE
TAGS: ECON, ENRG, XF, OECD, CIEC, OPEC
To: STATE
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 04 MAY 2006